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March 1990

Railway Age

...for the new age of railways and rail transit

Amtrak rolls toward self-sufficiency

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M/w at Santa Fe: Careful planning pays off

Centralized dispatching: The jury is still out

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1990 Railroader's Guide to Washington

The updated *Railway Age*/Unit name-rank-and-phone-number directory of key Washington contacts appears in a special section immediately following page 42 in the regular pagination.

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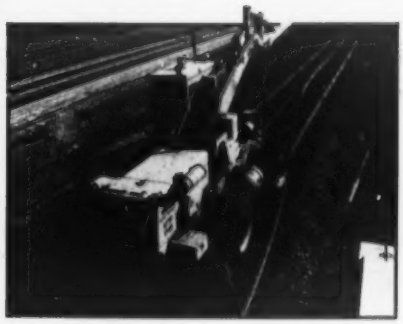

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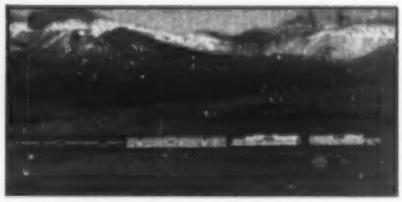

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Amtrak: What happens if...?

The collision of politics and principle is not a pretty sight for the squeamish, but in Washington it happens with sufficient frequency that it passes almost unnoticed. Talking one way and acting another is a non-partisan activity that carries little opprobrium in a town where the one thing safer than straddling the fence is to appear to be on both sides of it.

LUTHER S. MILLER

We were treated to a splendid demonstration of this when the Bush Administration, in almost the same breath that it asked Congress to cut off Amtrak's life-support system, also wished Amtrak the best of luck and a long life. Thus did the White House at once genuflect to the principle of getting the government out of the transportation business and bow to the political reality that the electorate likes Amtrak trains and Congress is not about to slap the hands that pull the voting levers.

Amtrak, meanwhile, continues to go efficiently about the business of moving people—a business that within a few years, Amtrak President W. Graham Claytor, Jr., believes, will be able to cover its operating costs with revenues. How Amtrak hopes to achieve this milestone, which would make it unique among the world's major rail passenger systems, was one of the things Mr. Claytor talked about in a recent interview with *Railway Age* (p. 43).

This is the sixth time that the White House has asked Congress to eliminate Amtrak's operating subsidy. Suppose the unthinkable happened—suppose principle did prevail, and Amtrak had to go out of business. Here's what the immediate impact would be, as Amtrak analysts see it:

—About 23,900 jobs would be lost.

—Discontinuance of service would trigger $2.7 billion in legally-imposed labor protection payments to Amtrak workers.

—The cost of operating and maintaining the Northeast Corridor would fall on state commuter authorities and railroad freight shippers. Additional costs of over $120 million a year would have to be met by MDOT (Maryland), SEPTA (Pennsylvania), NJ Transit, MBTA (Massachusetts), Connecticut DOT, and Conrail.

—New operators would have to be found for Boston's commuter trains and Chicago's Union Station, which is used by 98,000 Metra commuters.

—The 30,000 daily non-commuter passengers who ride Amtrak between Northeast Corridor cities would have to find new means of transport. The 4,400 daily passengers who ride Amtrak between the end points of New York and Washington would also have to find another way. To carry 4,400 passengers by air, an additional 60-70 airline flights a day would be needed, mostly in peak travel times.

—About 500 communities now served by Amtrak—more than are served by all the major airlines combined—would lose train service.

More to the point, perhaps, is the fact that if Amtrak *is* done in by the ideologues, the government will have written "finis" to one of its great success stories. Amtrak earned a record $1.27 billion in revenue last year, and was able to pay 72% of its operating costs from income vs. 48% 10 years ago; 100% is the goal 10 years from now.

It is difficult to believe that real conservatives in this or any Administration will willingly squander such a national asset.

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Facilities

Gateway Western: Will spend approximately $26 million on capital projects over the next two years, primarily on improvements to its Kansas City-East St. Louis main line. Gateway Western Railway, formed from lines formerly operated by the Chicago, Missouri & Western, has lines linking Kansas City, St. Louis, and Springfield, Ill., with service to Chicago under a haulage arrangement with Southern Pacific. The new railroad has a long-term contract with the Santa Fe for haulage of freight between Kansas City and East St. Louis (*RA*, Oct. 1989, p. 28).

New York City Transit Authority: Will soon seek cost proposals from Cubic Western Data and CGA for the supply of automatic fare collection equipment. Tests of both Cubic and CGA equipment have been under way for nearly two years (*RA*, March 1988, p. 16). The value of the production order was originally estimated at $100 million; by current estimates it could go as high as $200 million. The tests involved new turnstiles capable of accepting both tokens and magnetically coded cards. The project has recently been held up by failure of the New York State Legislature to renew a law permitting NYCTA to negotiate contracts rather than go the low-bid route, an oversight that is expected to be corrected this year.

Orange County (Calif.) Transportation Commission: Awarded a contract to Parsons Brinckerhof Quade & Douglas to conduct an 18-month study of rail transit needs to the year 2010 and beyond. A plan is to be developed for a rail network with recommendations for new corridors where there are no existing railroad rights-of-way and for connections of rail lines to adjacent counties or as part of a larger system. Various rail technologies for different areas of the county are to be evaluated, including light rail, monorail, automated guideways, and high speed rail (for a proposed Anaheim-Las Vegas line).

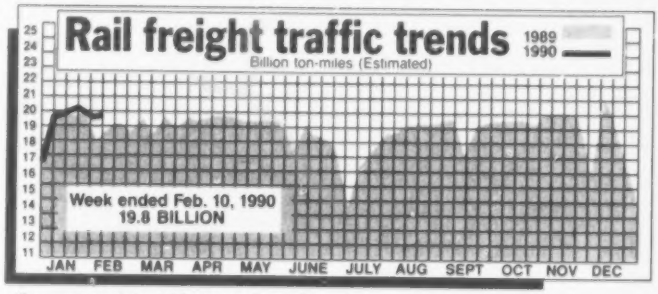
Equipment

Burlington Northern: Plans to acquire 1,000 100-ton covered hopper cars for movement of grain as part of a $113-million 1990 program for purchase, lease and upgrading of freight cars and containers. Also included in the new-equipment program will be acquisition of 240 rotary-dump gondolas, 460 auto racks, and 120 100-ton boxcars.

Revenue freight carloadings

Commodity	Feb. 10 week	Feb. 3 week	Jan. 27 week	Jan. 20 week
Grain	33,145	31,973	34,788	33,368
Other farm products	1,577	2,062	2,073	2,415
Metallic ores	15,118	15,523	17,773	16,567
Coal	133,601	130,153	132,268	133,163
Crushed stone, gravel and sand	12,615	12,375	12,408	12,491
Nonmetallic minerals	8,654	9,758	9,323	3,505
Grain mill products	10,226	10,087	10,167	10,135
Food and kindred products	8,952	9,360	9,157	8,978
Primary forest products	10,238	9,988	9,864	10,283
Lumber and wood products	6,472	6,981	6,992	6,747
Pulp, paper and allied products	10,564	10,736	10,742	11,136
Chemicals and allied products	27,654	28,430	28,702	29,212
Petroleum products	4,850	4,535	5,108	5,601
Stone, clay and glass products	9,703	9,076	8,888	9,169
Coke	5,578	5,217	5,505	5,487
Metals and products	9,444	10,475	10,588	9,782
Motor vehicles and equipment	17,327	15,568	16,388	12,680
Waste and scrap materials	8,753	8,438	8,654	8,664
All other carloads	7,146	6,654	6,476	6,438
Total Cars Loaded	341,617	337,389	345,864	340,821
% change from previous year	9.9	4.6	.8	(.9)
Cumulative total: 6 weeks		1,985,086	% change 1.4	
Estimated revenue ton-miles (billions)	19.8	19.6	20.1	19.8
% change from previous year	10.1	4.8	1.0	(1.0)

Total:	1990	1989	% change
6 weeks	115.2	113.0	1.9



Source: Association of American Railroads

Intermodal traffic

	Feb. 10	Feb. 3	Jan. 27	Jan. 20
Trailers	66,881	68,948	66,797	64,747
Containers	52,445	51,440	51,332	48,562
Total	119,326	120,388	118,129	113,309
% change from previous year	7.9	4.7	2.9	.4

Cumulative total: 6 weeks		% change
	677,897	4.3

Freight cars

	DELIVERED		ORDERED		ON ORDER AND UNDELIVERED	
	4th quarter 1989	4th quarter 1988	4th quarter 1989	4th quarter 1988	Jan. 1 1990	Jan. 1 1989
Built new by carbuilders	7,672	7,864	8,196	8,044	16,691	15,953
Built new in RR shops	25	0	25	0	0	0
Built new—Total	7,697	7,864	8,221	8,044	16,691	15,953
Rebuilt	380	143	380	0	0	0
TOTAL	8,077	8,007	8,601	8,044	16,691	15,953
Locomotives (new and rebuilt)	185	267	N/A	N/A	102	256

Source: Transportation Div., AAR and American Railway Car Institute

Steady climb seen in freight car deliveries, from 30,400 in 1990 to 46,500 in 1994

The latest forecasts from ECAP—Economic Consulting & Planning, Inc.—indicate that after a 1990 much like 1989, both rail freight traffic and railcar acquisitions will increase substantially each year through the 1991-94 period.

On the traffic side, the projections are for carloadings to decline slightly in 1990 and then pick up to 17,675,000 in 1991, 18,233,000 in 1992, 18,851,000 in 1993 and 19,378,000 in 1994. Comparing 1989 traffic with the levels forecast for 1994, ECAP sees increases in all but three of 19 commodity categories (pulp and paper, food and food products, and grain mill products).

On the railcar acquisition side, ECAP's researchers look for just a modest increase in deliveries this year, to about 30,400 units. But then they see car construction activity increasing to 34,300 cars in 1991, 40,400 in 1992, 44,500 in 1993 and 46,500 in 1994. In 1994, ECAP is projecting that carbuilders will be turning out 9,500 flat cars, 9,500 tank cars, 9,000 covered hopper cars, 9,000 open-top hoppers, 8,000 gondolas, 1,500 boxcars and 500 other cars.

Peter M. Toja, senior vice president of ECAP, and Kenneth J. Kreman, director-capital goods, freight transportation, see four main factors contributing to the revival in freight-car demand beginning in 1991:

—By 1994, rail commodity loadings "are expected to total 19.4 million, 12.8% above our estimate for 1990. On average, commodity loadings will grow 3.2% per year during the 1991-94 period. Intermodal loadings are slated to grow 17.5% or 4.5% per year on average, reaching 6.9 million by 1994."

—The freight-car fleet "has aged dramatically during the decade of the '80s, despite the scrapping of nearly 470,000 cars between the end of the last buying cycle in 1981 and the beginning of this year. The average age of the fleet is currently estimated at 16.4 years versus 13.8 years in 1981. At the beginning of 1989, 364,000 cars, or 29% of the fleet, had been in service for more than 20 years. Prior to the start of the last buying cycle in 1978, 24% of the fleet had been in service for more than 20 years."

—Beyond the numbers indicating calendar age, "the railroads' efforts to improve efficiency have subjected these aging cars to increased utilization. We estimate that on average a freight car made 17.5 trips in 1989. Coming out of the 1982 recession, the average number of trips was closer to 14.5 per year. This suggests that many of the cars in service may be closer to the end of their useful life than would be indicated only by calendar age."

—The Class I railroad freight-car surplus "was recently reported at about 35,000 cars versus a peak of 276,000 in 1982. Whatever real surplus there is this year will disappear as traffic revives next year. This in turn will lead to purchases of new equipment."

ECAP's analysis of the 1990-94 period sees the total number of cars in the fleet declining from about 1,180,000 currently to about 1,132,000 in '94, with scrapping rates running in the low to mid 50,000s each year during that period.

ECAP also sees continued increase in freight-car utilization, with trips-per-year climbing steadily from the 17.5 estimated for 1989 and 1990 to 18.1 in 1991, 18.8 in 1992, 19.3 in 1993 and 19.8 in 1994. Trips per year were only 14.7 in 1982.

In tracking carloadings growth by commodity, ECAP is projecting 1994 loadings of 7,500,000 cars of coal, 1,670,000 of grain, 1,610,000 of chemicals, 1,070,000 of motor vehicles and 1,085,000 of metallic ores. Analysts see increases for each commodity in each year of the 1991-94 period, although loadings of motor vehicles and metallic ores are expected to drop slightly this year from 1989 levels.

Overall, most observers would probably agree that the demand for new freight cars will increase. ECAP makes strong points regarding the fact that cars in the fleet today are working harder than ever before, and that the fleet is getting older. By its reckoning, the covered hopper fleet is the youngest, with an average age of 14.7 years, with tank cars at 15.3 years, boxcars at 16.1, gondolas at 16.8, flat cars at 17.4 and open-top hopper cars at 17.5. Going beyond the averages, ECAP also notes that fleet makeup includes those 364,000 cars of age 20 years or more—75,000 open-top hoppers, 70,000 covered hoppers, 52,000 flat cars, 49,000 tank cars, 48,000 box cars and 43,000 gondolas.

Freight cars: A projection

(thousands)

Year	Fleet	Loadings	Calculated Utilization*	New Demand	Units Scrapped	Deliveries
1982..	1588	19344	14.74	-85.0	102.2	17.2
1983..	1542	19748	14.35	-46.0	51.8	5.8
1984..	1486	21124	15.85	-56.0	68.4	12.4
1985..	1422	19702	14.88	-64.0	76.1	12.1
1986..	1340	19641	15.50	-82.0	93.5	11.5
1987..	1288	21193	17.17	-52.0	65.2	13.2
1988R.	1239	20825	17.33	-49.0	71.5	22.5
1989..	1205	20400	17.51	-34.0	63.8	29.8
1990..	1180	20140	17.54	-25.0	55.4	30.4
1991..	1165	20700	18.11	-15.0	49.8	34.3
1992..	1150	21340	18.80	-15.0	55.4	40.4
1993..	1140	21930	19.32	-10.0	54.5	44.5
1994..	1132	22470	19.88	-7.0	53.5	46.5

*Utilization is an estimate of trips-per-year by the effective fleet—Total less Class I railroad surplus.

Source: AAR, ARCI, ECAP, Inc.

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